Security Intelligence Review Committee

For the period ending March 31, 2010

Departmental Performance Report

The Right Honourable Stephen Harper
Prime Minister of Canada

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Chair's Message

I am pleased to introduce the Departmental Performance Report of the Security Intelligence Review Committee (SIRC or the Committee) for the fiscal year 2009-2010.

This past year has been one in which both public and media interest in security intelligence matters has remained high. This is due in part to decisions by the courts and to ongoing commissions of inquiry which have had a direct impact on the Canadian Security Intelligence Service (CSIS or the Service). The Committee recognizes the complexity of today's threat environment and the challenges faced by CSIS; in turn, these reinforce SIRC's continuing and critical role of ensuring CSIS's accountability.

As an experienced Committee Member and SIRC's newly appointed Chair, I take pride in the Committee's commitment to provide expert, independent assurance to the Parliament of Canada and, through it, to Canadians that the Service is acting effectively, appropriately and lawfully in the performance of its duties and functions.

Our reviews and complaint reports provide an important means to reassure Canadians that CSIS investigates threats to national security in a manner that respects Canada's core democratic values. The *Canadian Security Intelligence Service Act* (*CSIS Act*) continues to guide SIRC's work in assessing CSIS's performance against the mandate and authorities conferred upon it by Parliament in 1984. The Committee embraces the belief that balancing collective public safety with individual rights is a hallmark of Canada's democratic values and aspirations. It is a theme that I am confident will continue to guide SIRC's work in the future.

Honourable Arthur T. Porter, P.C., M.D.
Chair

SECTION I: DEPARTMENTAL OVERVIEW

Raison d'être

The Canadian Security Intelligence Service (CSIS) performs its duties and functions in accordance with the law, policy and Ministerial direction.

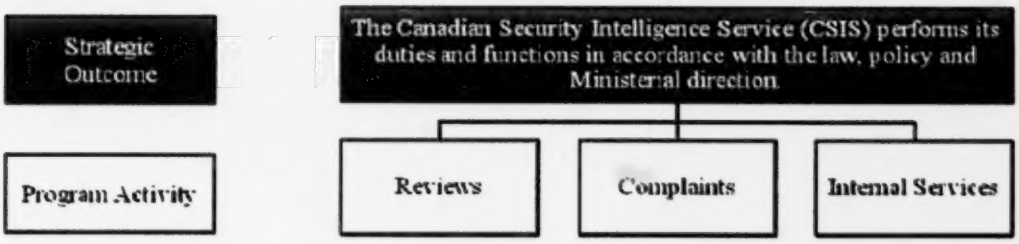
Responsibilities

The Security Intelligence Review Committee (SIRC or the Committee) is a small, independent review body that reports to Parliament on the operations of the Canadian Security Intelligence Service (CSIS or the Service). It was established at the same time that CSIS was created in 1984, and derives its powers from the same legislation, the *CSIS Act*.

In order to fulfill its purpose, SIRC has three Program Activities. The first is to conduct in-depth reviews of CSIS activities in order to ensure that CSIS carries out its duties and functions appropriately, effectively and in accordance with the *CSIS Act* and the various policy instruments that flow from it, and with direction from the Minister. The second is to investigate complaints by any person about any action of the Service. The third Program Activity encompasses the internal services required to support the functioning of the organization.

Program Activity Architecture (PAA)

The chart below illustrates SIRC's framework of program activities, which roll up and contribute to progress toward the organization's Strategic Outcome.


Strategic Outcome
The Canadian Security Intelligence Service (CSIS) performs its duties and functions in accordance with the law, policy and Ministerial direction
Program Activity
Reviews
Complaints
Internal Services

Performance Summary

2009–10 Financial Resources (thousands of dollars)

Planned Spending	Total Authorities	Actual Spending
2,919	3,132	2,355

2009–10 Human Resources (FTEs)

Planned	Actual	Difference
21	14	7

Strategic Outcome: The Canadian Security Intelligence Service (CSIS) performs its duties and functions in accordance with the law, policy and Ministerial direction.		
Performance Indicators	**Targets**	**2009–10 Performance**
Number of reviews/complaint investigations that reported *CSIS activities* were in compliance with the *CSIS Act*, Ministerial Direction and operational policy.	No major incidents of non-compliance by CSIS.	SIRC review findings and the results of complaint investigations found no major incidents of non-compliance by CSIS.

(thousands of dollars)

Program Activity	2008–09 Actual Spending	2009–10[1]				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Reviews	1,494	1,584	1,577	1,621	836	SIRC provides assurance that the Service is acting within law, policy and Ministerial direction which contributes to such government of Canada outcomes as a safe and secure Canada and a safe and secure world through international cooperation. These, in turn, promote public trust in democratic institutions and in turn strengthen the interaction between those institutions and Canadian citizens.
Complaints	905	569	569	644	577	
Internal Services	Note 1	773	773	867	942	
Total	**2,399**	**2,926**	**2,919**	**3,132**	**2,355**	
Full Time Equivalent	**16**	**21**	**21**	**21**	**14**	

[1] Commencing in the 2009-10 Estimates cycle, the resources for Program Activity: Internal Services are displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

Contribution of Priorities to Strategic Outcome(s)

Operational Priorities	Type	Status	Linkages to Strategic Outcome
Continuous improvement for reviews and complaints	Ongoing	**Successfully met** • SIRC continues to adjust its research methodology to reflect CSIS's new structure and the increasing complexity of its operations. • SIRC balanced its reliance on reviewing electronic and paper documentation by complementing those activities with briefings and interviews with CSIS staff. • SIRC researchers augmented their knowledge of the security intelligence environment by attending seminars and conferences. • In regard to complaint investigations, SIRC continued to encourage the parties to make representations on its jurisdiction to investigate the complaints. • SIRC also continued to use pre-hearing conferences to set the terms of reference for the investigation of complaints and to determine preliminary procedural issues. • There were no new SIRC Members during this review period.	The Canadian Security Intelligence Service (CSIS) performs its duties and functions in accordance to the law, policy and Ministerial directions.

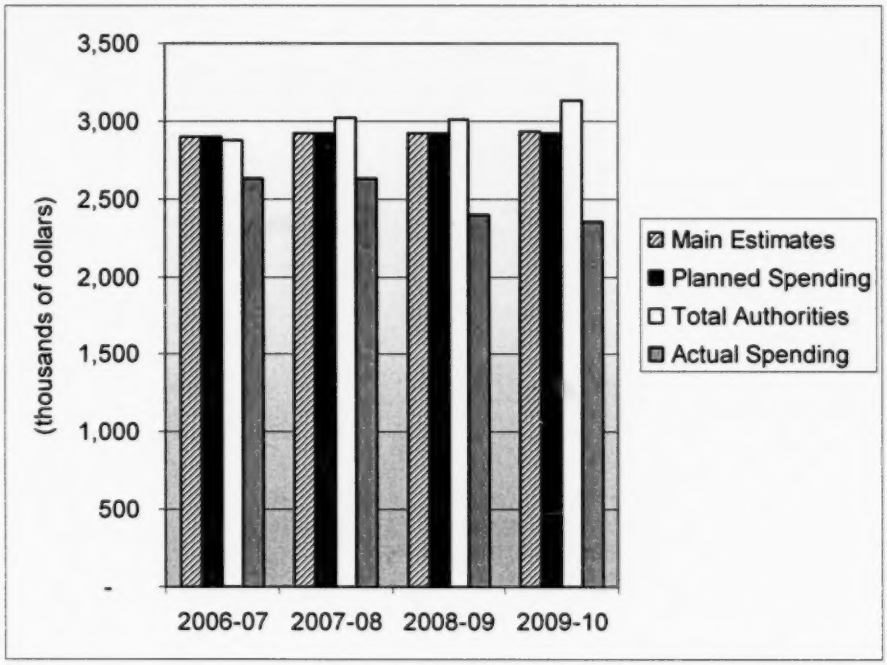
Management Priorities	Type	Status	Linkages to Strategic Outcome(s)
Improved corporate management	Ongoing	**Successfully met** • In support of improving its modern management accountability plan, SIRC completed an updated draft of its HR Authorities chart. • SIRC completed the development of its Business Continuity Plan. • SIRC completed the draft of its Investment Plan as well as an update to its Management Accountability Framework. SIRC is working with Treasury Board and the Small Agency community to address key central agency reporting requirements.	The Canadian Security Intelligence Service (CSIS) performs its duties and functions in accordance to the law, policy and Ministerial directions.

Risk Analysis

The security intelligence community has undergone several legal, policy and program changes in response to the evolving threat environment. SIRC continues to monitor discussion and debate about potential and ongoing Government initiatives that may impact upon the nature and scope of SIRC's reviews and complaints investigations.

Given its small size, SIRC has struggled in the past with central agency reporting requirements. Because SIRC lacks dedicated functional specialists who would be solely responsible for financial, security, informatics and human resource management, SIRC has had to rely on a combination of external contractors and internal staff to carry out these functions. In 2009-10, SIRC has seen a welcome decline in the reporting requirements made on the organization by central agencies.

Expenditure Profile



Variance explanation for Spending Trend graph

SIRC's actual spending for 2009-10 was $2,355 thousands which is similar to the 2008-09 actual spending. Spending remains lower than anticipated as a result of reduced operational costs which were primarily due to a temporary increase in the vacancy rate for the research group.

Voted and Statutory Items

(thousands of dollars)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2007–08 Actual Spending	2008–09 Actual Spending	2009–10 Main Estimates	2009–10 Actual Spending
1	Program expenditures [1]	2,373	2,215	2,649	2,123
(S)	Contributions to employee benefit plans	253	184	277	232
	Total	**2,626**	**2,399**	**2,926**	**2,355**

Due to rounding, figures may not add to the totals shown

[1]Please refer to the spending trends graph for more details on departmental spending trends.

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Strategic Outcome

SIRC has only one strategic outcome: that CSIS performs its duties and functions in accordance with the law, policy and Ministerial direction.

SIRC is uniquely situated to provide context to the broader public debates about the nature and scope of the threat environment, and how these are addressed. Although SIRC does not promote any particular viewpoint or policy perspective, the reviews and complaint reports provide important snapshots of CSIS's work offering a careful assessment as to whether the Service addresses these threats appropriately and effectively and in a manner that respects its powers and authorities. This outcome is important to Canadians, because it helps to protect their fundamental rights and freedoms. SIRC serves as a cornerstone in assuring the democratic accountability of one of the Government's most powerful security organizations.

The following section describes SIRC's program activities, including how they contributed to SIRC's performance at the strategic outcome level.

The three program activities that will be discussed are:

- In-depth **reviews** of CSIS activities;
- Investigations of **complaints**; and,
- **Internal Services**.

Program Activity by Strategic Outcome

Reviews

The purpose of the Review Program is to conduct reviews of CSIS activities to ensure that CSIS performs its duties and functions appropriately and effectively, and in accordance with legislation, policy and Ministerial Direction. Through a comprehensive and multifaceted program of research, SIRC staff examine various aspects of CSIS's operations and activities to prepare a retrospective analysis for the Committee's approval.

SIRC's Review Program is designed to address a broad range of CSIS's duties and functions. This approach allows the Committee to manage the inherent risk of being able to review only a small percentage of CSIS activities in any single year. In selecting reviews, SIRC takes into consideration domestic and world events; issues, priorities and concerns identified by Canadians and Parliament; past reviews; matters of interest identified in complaints investigations; and existing and emerging CSIS activities. Over

the course of several years, SIRC is able to examine a significant number of CSIS's investigations and functions. The Committee must always be prepared to adjust the review program to address unforeseen events.

Program Activity: Reviews					
2009–10 Financial Resources ($ denomination)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
1,577	1,621	836	12.5	7	5.5

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Improvement of CSIS's performance based on the findings and recommendations that SIRC makes in its reviews.	Percentage of SIRC's review recommendations accepted by CSIS	70% of SIRC's review recommendations accepted by CSIS	Met all	CSIS has accepted a majority of SIRC's recommendations
	Frequency that key elements of CSIS activities and operations are reviewed	Key elements of CSIS activities and operations are reviewed at least once every five years	Met all	SIRC visited two regional offices and a CSIS foreign station and examined multiple functional programs of the Service.
	Number of reviews completed as per SIRC's annual Research Plan	100% of reviews completed per SIRC's annual Research Plan	Met all	SIRC completed 6 reviews which represented 100% of SIRC's 2009-10 Research Plan

SIRC's reviews assess CSIS's performance and may include findings and non-binding recommendations. These reviews are submitted to the Director of CSIS, the Inspector General CSIS and, in special circumstances, to the Minister of Public Safety. A declassified summary of each review is included in SIRC's Annual Report. The objective is to provide Parliament and Canadians with "snapshots" of past CSIS operations that, over time, provide a comprehensive picture of CSIS's performance.

The Review Program has three sub-activities: the production of SIRC's Annual Report and communications material, outreach and liaison.

SIRC's Annual Report to Parliament is the main communications vehicle for informing Canadians about its work. To the best of its ability and within the legal constraints governing national security and privacy, every review undertaken and every complaint investigated, is summarized in SIRC's Annual Report. In accordance with Section 53 of the *CSIS Act*, SIRC submits this report to the Minister of Public Safety for tabling in Parliament within 15 sitting days of the House. In addition to producing an Annual Report, SIRC also undertakes a modest communications program. Communications

materials produced for the Committee, including speeches, news releases and backgrounders are posted on SIRC's website.

Outreach refers to events external to government, such as presentations to seminars and conferences by Committee Members and staff.

Liaison refers to maintaining constructive relationships with bodies such as Parliamentary Committees. Over the years SIRC has appeared in front of the House Standing Committee on Public Safety and National Security and the Senate Standing Committee on National Security and Defence.

Performance Analysis

SIRC has developed several performance measurements for reviews. One measure is whether the research plan approved by the Committee at the beginning of the fiscal year is completed in its entirety. In fiscal year 2009-2010, SIRC undertook and completed six reviews which represent 100% of the research plan.

In addition, SIRC Committee Members and senior staff visited two CSIS regional offices, as planned in the 2009-2010 Report on Plans and Priorities. This provided the Committee with an opportunity to explore the day-to-day work of investigators in the field and to learn about the priorities and challenges of regional offices. Committee Members met with senior CSIS staff and received briefings on regional issues. The Committee also took the occasion to communicate its focus and concerns to CSIS. In addition, the Committee also reviewed one of CSIS's foreign stations. The primary focus of SIRC's review of these stations is to monitor the Service's operations at station and its information-sharing in that context with foreign and domestic agencies.

Other performance measures include follow-up with CSIS to identify whether they have acted on the recommendations contained in previous SIRC reviews; the number and scope of reviews relative to SIRC's available resources; how frequently different aspects of CSIS operations are reviewed; and feedback on the quality of reviews from those who receive them.

As noted above, the Review Program has three sub-activities: the production of SIRC's Annual Report and communications material, outreach and liaison.

SIRC's Annual Report to Parliament is the main communications vehicle for informing Canadians about its work. In accordance with s. 53 of the *CSIS Act*, the Report was submitted to the Minister of Public Safety.

Outreach refers to events external to government, such as presentations to seminars and conferences by Committee Members and staff. Examples would be the Executive Director's lecture at Carleton University in November 2009 and the Committee and Executive Director's attendance at the International Intelligence Review Agencies Conference in March 2010 in Sydney, Australia.

Liaison refers to maintaining constructive relationships with bodies such as Parliamentary Committees. No appearances were requested of the Committee during 2009-10.

Lessons Learned

SIRC's review function continues to adapt to the rapidly changing environment in which security intelligence operates. SIRC continuously examines its review methods and sources to ensure that the Committee fully understands the diverse range of CSIS activities and operations.

Complaints

The purpose of the Complaints Program is to investigate complaints made against CSIS by individuals or groups. SIRC acts as an independent, quasi-judicial administrative tribunal and conducts investigations in relation to:

- complaints "with respect to any act or thing done by the Service" as described in the *CSIS Act*;
- complaints about denials of security clearances to federal government employees and contractors;
- referrals from the Canadian Human Rights Commission in cases where the complaint relates to the security of Canada; and
- Minister of Public Safety's reports concerning the *Citizenship Act.*

Once a written complaint is received, SIRC conducts a preliminary review. Where a complaint does not meet certain statutory requirements, SIRC declines jurisdiction and the complaint is not investigated. If SIRC determines that it has jurisdiction, it is usually investigated through a quasi-judicial hearing presided over by one or more Committee Members, assisted by staff. In investigating complaints, SIRC has all of the powers of a superior court, and has access to all information in the possession of CSIS, except for Cabinet confidences.

Parties have the right to be represented by counsel and to make representations to the Committee. Pre-hearings may be conducted to establish and agree on procedures with the parties and/or their counsel. SIRC's legal team provides legal advice on procedural and substantive matters, and will also cross-examine CSIS and other witnesses when, for national security reasons, evidence must be heard in the absence of a party.

At the completion of a hearing, the complainant is advised in writing of the Committee's decisions, once any information with national security implications is removed. Depending on the type of complaint, SIRC also sends a report with findings and recommendations to the Minister of Public Safety, the Director of CSIS and – in cases involving the denial of a security clearance – the Deputy Minister of the federal department involved. Summaries of these reports, edited to protect national security and the privacy of the complainants, are also included in SIRC's Annual Report to Parliament.

Program Activity: Complaints					
2009–10 Financial Resources ($ denomination)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
569	644	577	6.5	5	1.5

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Parties before SIRC receive a fair and timely resolution of their complaint	Percentage of SIRC complaint decisions upheld by the Federal Court on judicial review	100% of complaint decisions upheld	Mostly Met	One complaint decision was set aside by the Federal Court in a judicial review application.
	Percentage of complaints where SIRC's decision on jurisdiction is made within 60 working days of receiving a formal and complete written complaint	85% of all jurisdictional decisions	Somewhat Met	SIRC strives to meet the established performance indicator; however, certain elements of the process are beyond the organization's control. As such, the indicators for the next review period have been adjusted in the 2009-2010 RPP to account for this reality.
	Percentage of complaints where SIRC's report is issued within two years of accepting jurisdiction	85% of all complaint reports	Not Met	SIRC strives to meet the established performance indicator; however, certain elements of the process are beyond the organization's control. As such, the indicators for the next review period have been adjusted in the 2009-2010 RPP to account for this reality.

Performance Analysis

A number of factors will impact the Committee's ability to fulfill its mandate and the time required to resolve complaint investigations. These include the volume and complexity of complaints received and investigated, the quantity of documents to be reviewed, the number of hearings, the availability of participants, staffing changes and the appointment of new members. In 2009-2010, the Committee issued two complaint reports; in addition, one of its decisions on a matter of procedure was brought before the Federal Court.

Lessons Learned

The Committee continues to strive to ensure that its investigations of complaints are conducted in a fair, thorough and timely manner. A number of complaints before the

Committee during the period under review raised a complex jurisdictional issue which will be addressed by the Committee in the next review period. In addition, the Committee has initiated consultations with organizations exercising similar functions with a view to amending its Rules of Procedure.

Internal Services

Internal Services are groups of services, activities and resources that are administered to support the needs of the two programs and corporate obligations of SIRC.

Program Activity: Internal services[1]					
2009–10 Financial Resources ($ denomination)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
773	867	942	2	2	0

[1] *Commencing in the 2009-10 Estimates cycle, the resources for the Internal Services program activity are displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.*

This activity captures all of the costs associated with monthly meetings attended by Committee Members, including their per diems, travel and accommodation costs. Corporate Direction and Internal Services also includes ongoing refinement to SIRC's website, as well as the general informatics support required to maintain computing systems. Through a Memorandum of Understanding, the Privy Council Office provides some administrative and financial services to SIRC. In addition, financial and human resource management services not provided by the Privy Council Office are funded through this activity.

SECTION III: SUPPLEMENTARY INFORMATION

Financial Highlights

Condensed Statement of Financial Position

(in dollars)

At March 31, 2010	% Change	2010	2009
ASSETS			
Assets	105%	140,339	68,565
TOTAL ASSETS	**105%**	**140,339**	**68,565**
LIABILITIES			
Liabilities	(36%)	585,607	912,720
Equity of Canada	47%	(445,268)	(844,155)
Total Liabilities and Equity of Canada	105%	140,339	68,565

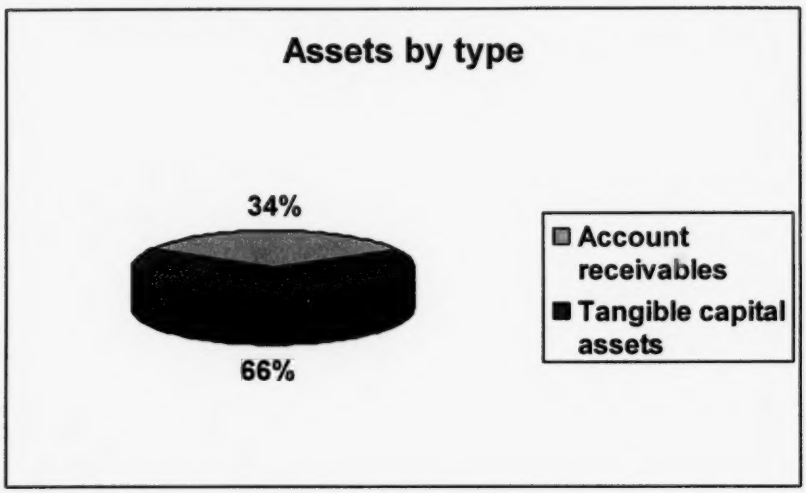
Condensed Statement of Financial Operations

($ denomination)

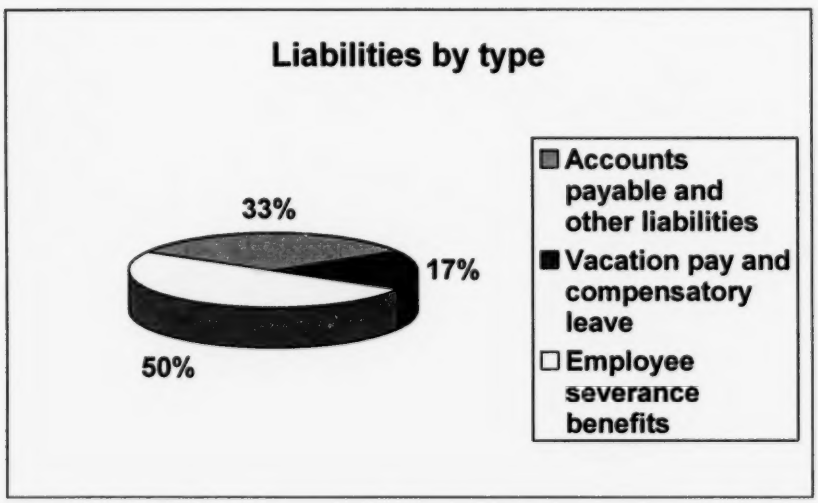
For the year ended March 31, 2010	% Change	2010	2009
EXPENSES	9%	2,575,733	2,826,193
NET COST OF OPERATIONS	9%	2,575,733	2,826,193

Total net cost of operations was $2,575,733 at the end of 2009-2010, a decrease of $250,460. The decrease is due to a reduction of salary related expenses such as employee benefits plan, allowances for severance pay and vacation pay.

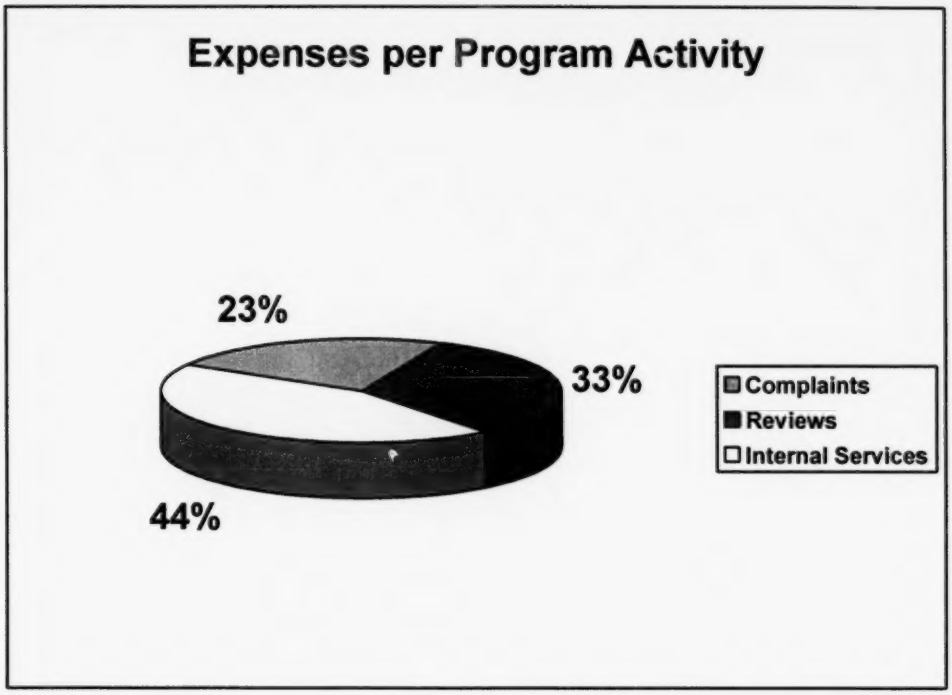
Financial Highlights Charts/Graphs



Total assets were $140,339 at the end of 2009-2010, an increase of $71,774 (105%) over the previous years, total asset of $68,565 mainly due to an increase of the account receivables related to salaries and the acquisition of new capital assets. Tangible capital assets represent the largest portion of their assets with $92,751 or 66% of all assets.



Total liabilities were $585,607 at the end of 2009-2010 representing a decrease of $327,113 (36%) over the previous year's total liabilities of $912,720. The decrease was mainly due to a significant reduction of year end accrued expenses related to salaries.



Total expenses for the Security Intelligence Review Committee were $2,575,733 for fiscal year 2009-2010 compared to $2,826,193 for fiscal year 2008-2009.

$848,403 (33%) was spent under the Review Program Activity, $600,520 (23%) was spent under the Complaints Program Activity and $1,126,810 (44%) was spent under the Internal Services.

As per the above pie chart, the internal services' expenses are being presented as a separate activity in the financial statements based on the Treasury Board Secretariat's new reporting requirements. In previous years, internal services expenses were distributed between program activities. SIRC has three key program activities related to its strategic outcome.

The increase in the level of expenses for the program activity "Complaints" from fiscal year 2008-09 ($529,103) to 2009-10 ($600,520) is mainly due to a staff shortage in 2008-09 and the hiring of senior level lawyer in fiscal year 2009-10 to fill vacant positions.

The decrease in the level of expenses for the program activity "Reviews" from fiscal year 2008-09 ($931,320) to 2009-10 ($848,403) is mainly due to less salary expenses related to staffing shortages.

The third program activity, Internal Services, captures all of the costs associated with monthly meetings attended by Committee Members, including per diems, travel and accommodation costs. SIRC is a small organization, highly centralized where many costs

normally assumed by line managers (e.g. all informatics and technical services, furniture and equipment, supplies, printing and graphics, messenger services, telecommunications) are covered by corporate services and are not re-allocated to the other two program activities.

Financial Statements

Further information regarding SIRC's financial statements is available online at: www.sirc-csars.gc.ca/opbapb/fstefi-eng.html.

List of Supplementary Information Tables

All electronic supplementary information tables found in the 2009–10 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at: http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp.

Other Items of Interest

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Legislation Administered

Canadian Security Intelligence Service Act